THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

August 7, 1948

WASHINGTON CIRCUS

AN EDITORIAL

Mass Education In Canton

Hsu Hsi-Ling

Burma's Communism

William Johnson

Currency Reform No Panacea

J. R. Kaim

KMT'S HOUSECLEANING

AN EDITORIAL

VOLUME 110 CNC$800,000 NUMBER 10

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Constitution Violated

To The Editor:

I read with much interest the article "China's Poor Start Toward Constitutionalism" in the July 24th issue of your *Review*. The examples cited by Mr. C.Y.W. Meng are enough to prove that the much said "Democracy" and "Constitutional Government" are mere empty words which were never meant to be realized. I wish to add here one more example that happened to a personal friend of mine which makes me the more convinced that democracy and liberty are yet far too remote from the Chinese people.

My friend, Mr. T. H. Liang is a secretary of the International Division of the Shanghai YMCA. He is widely known among both local Chinese and foreign circles for his contributions to the interflow of culture and his geniality of character. But on July 13 at 4:30 p.m., he was arrested—or more correctly, kidnapped—by four plainclothes men under the menace of a pistol at his office in the Sitzang Road, YMCA Building. Neither had these men notified the "Y" authorities beforehand, nor had they produced any identification. Is this not entirely illegal and have not the rights of a citizen been violated? I wonder if China has torn her nascent constitution to pieces.

After the "arrest," I learned from sources close to the "Y" authorities that representatives of "Y" had several times called on the police headquarters to probe the causes of this case and had been told that Liang was suspected but no evidence could be produced. And so this is the whole story. Under the mere charge of being "a suspect," he was "arrested" in the aforesaid way and detained for more than 10 days in the police station without being transferred to the court. He was not allowed bail and he was not put to open trial. I cannot find justification for this in the law or in the constitution.

The above is only one aspect of the picture,—a misfortune to a Chinese citizen under the Constitutional Government. If we go deeper, realizing that every other Chinese citizen may come across such a misfortune, it can be seen that more than Liang himself is affected. His father, now 72, had spit blood because of his son's "arrest" and Mrs. Liang, six months pregnant, is in despair.

Mr. C.Y.W. Meng mentioned China's poor start towards constitutionalism, but I should say China has never started at all.

C. T. FENG.

Shanghai
August 1, 1948.

Family's Plight

To The Editor:

I must tell you that my wife and two children have escaped from the so-called liberated area and arrived in Tientsin on May 2. In a previous letter I told you about the general condition of my family. Now I wish to tell you of the sufferings of my folks according to my wife's letter which I hope will make

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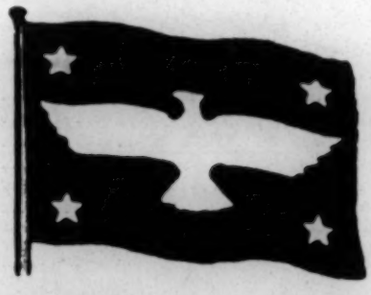

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the deeds of the Communists public to my fellow countrymen.

Since my family's property was all taken away, my folks were forced to leave the house and every member of the household was only allowed to take one suit of clothes. This is the so-called "sweep the ground and out the door" policy, a very popular saying in the liberated area. Since then, they all began begging for a living. My grandmother, who is 80 years old, could only spin for others in order to get one meal. During the winter they did not have enough clothing to keep them warm and every night they fell asleep, grumbling in the corner of a little room. If someone showed them some sympathy and gave them additional food, they were forced to hide the food in a secret place and had to pretend to beg near-by. They never heard any news of the war and did not dare ask about the outside world. Every day they saw villagers being forced to join the army.

Moreover, my children were not allowed to receive an education. Dear Editor! What can I do? Do you think the Communists can succeed in the future?

H. P. T.

Chine-Chow, Shensi
July 4, 1948

High Rates

To The Editor:

As the cost of living index soars each month, the people, except the privileged and rich classes, are leading dog's lives. Commodity prices increase daily and price-tags are hurriedly changed several times a day. The situation will go from bad to worse unless the civil war ends immediately.

About two years ago, I started to pursue my English through your esteemed Weekly. The price at that time was, if I remember correctly, CNC$500 per copy. This was rapidly adjusted to 1,000, 15,000, 100,000, 300,000. What a drastic increase that is. Only July 17, I went to a certain bookstore to purchase the latest copy of the "*Review*," and to my surprise, the price had been changed from $300,000 to $600,000. Who can guarantee that the price, in time, will not reach $5,000,000 or even $10,000,000 per copy. I am not blaming you but how can I, as a petty wage earner, endure this heavy expenditure? I earnestly hope that you may have mercy on those who are heartily interested in your paper, especially the English lesson and grant us a reduction in price. Otherwise I shall be obliged to say "goodbye" to you until my economic condition is improved.

WONG SZE LIANG.

Shanghai
July 27, 1948

English Lesson

To The Editor:

I consider the *Review's* English Lessons very helpful to the Chinese people in every walk of life who read English journals. Since the outbreak of the last world war, a great many new English words and expressions have been adopted for daily usage, and no dictionary can include all of them without exception. Even learned people would be beaten by the new idioms and expressions now in use.

Your English Lessons have done well by your readers I am sure. But for the benefit of more people, I suggest that you compile all the published lessons (over 40 now) into one single volume, so that people who do not read the *China Weekly Review* issue by issue can have a chance to study them. Later on, you might publish a second volume—after a number of new Lessons have appeared in the *Review*. This will do good to all who wish to improve their English.

Nowadays, the *Review* has become a very popular paper among university and middle school students. It really stands by itself. While dishonesty and deceit are invading journalistic circles of the present world, may the *Review* still hold up a righteous aim against all evil.

RICHARD Y. CHEN.

Shanghai
July 29, 1948

Literary Emphasis

To The Editor:

May I suggest that your magazine would gain wider popularity if you were to include some literary articles and not confine it to analysing current events, for your readers are not limited to political circles. It is true that most of those who study English subscribe to the *Review* for its vivid narration of happenings here and abroad. But this offers some disappointment to those who wish to read English literature. You might say, "If you enjoy literature. You might read it in some other magazine." But I cannot agree with you on this point, because your paper is published in China where English is widely taught and where the people, being poverty-stricken, are unable to subscribe to magazines published abroad. Such being the case, it is hoped that the *Review* will serve a double purpose in not only keeping readers abreast of current events, but also being instrumental in introducing good literature to the people.

CHIA CHUNG-YI.

Sian, Shensi
June 4, 1948

Requests Truth

To The Editor:

In order to understand the real conditions in the Liberated Areas, I, as an honest reader of the *Weekly Review*, sincerely hope that you can give your readers true information from those places.

It is all too true that we can get nothing at all but false tidings from the local newspapers.

ROBERT PAN.

Nan-hai, Canton
July 12, 1948

Silver Dollars

To The Editor:

Silver dollars are welcome everywhere in this city. The tendency to regard and accept silver dollars as a substitute for legal tender is incredibly aggravated and perpetuated with time. Servants insist on silver dollars for their wages; some bank employees are actually paid in silver dollars; houseowners want to have their rents estimated either in rice or silver dollars. Silver dollar transactions are now being carried on on a greater scale than ever before in spite of interference by police. In short, the people no longer have confidence in the legal tender.

Although silver dollar transactions may be considered illegal in that they destroy the nation's monetary system, it is a matter of course that under present circumstances the man in the street, in order to maintain his money value, is forced to buy some commodities and the silver dollar is the most convenient form of investment. There is little the government can do about this. To stabilize the nation's currency is above all else in importance. This is a difficult problem which cannot be solved by any one reform. Nor is American aid to China a solution, because the stabilization of a nation's currency is based on its economic stability which depends largely on close cooperation by various factions in the government.

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Via GLOBE

nearly 40 years ago, foreign invasions and internal strife have thrown the nation into utter confusion and its people into abyssmal sorrow. Today, three years after our war of resistance against Japan, China is again involved in a civil war. Natural resources, if exploited, would help the country immeasurably but instead, lie undeveloped and wasted; productive enterprises cannot operate in areas affected by war; the financial deficit is growing larger. Naturally, the war is largely responsible for these sorry conditions. But unfortunately, some of the policies adopted by the Government only tend to add to the already overwhelming difficulties of the situation.

Another problem that the Government has failed to solve, is the question of the people's livelihood. Today the salaried class is living in a wretched plight, let alone the farmers who are living a worse life than a wealthy man's dog. The problem confronting the salaried classes, with the exception of a few corrupt and privileged ones, is how they can live without being forced to actions detrimental to the nation. A war to suppress "bandits" has to be fought, but how can the Government succeed in suppressing "bandits" when its policy is helping to create more and more of them. The people's livelihood is a most realistic problem and nothing can surpass it in importance. Without taking this vital problem into consideration, any effort to suppress "bandits" will be futile.

I sincerely hope that the Government will take steps in checking the deteriorating situation before it is too late.

L. C. CHANG.

Nanchang, Kiangsi
July 21, 1948

Professors Dismissed

To The Editor:

There has been a base tendency among many institutions of higher learning to dismiss professors without cause. It has come to light that Tung Chi University has now dismissed a small group of professors. What the motive was we do not profess to know, but taking a serious view of the matter, one can't help suspecting something brazen behind it. However, it is a typical picture of corruption that can be witnessed in our educational system all over the country. The dismissal of top-flight professors to make room for bootlickers and imposters, has provided us with fresh material for our daily topic of conversation at the university known as "educational turpitude." It is a regrettable fact that the person or persons responsible are not concerned with the promotion of national education, but devote themselves to nepotism and employ most commonplace pretexts in so doing. Indeed, it cannot be appraised how many innocent and learned professors have been fired and to what extent national education has been ruined as a result.

The reason why the university has dismissed so many professors, can be perceived by a glance at the administration since Ding Wen-yen grasped the chancellorship. It is said that Ding was elected President of the university some time back, but as soon as he took office, upward of twenty professors jointly filed complaints against him. Today, he has succeeded in assuming this office, so that he has been able to take his revenge and fire every one of those professors who were responsible for his setback in the past.

Thus, it is clearly seen that those persons appointed for the solemn task of national education use their powers solely to achieve their own personal ends.

The fearful term "red cap" affords the university authorities a powerful weapon which is indiscriminately used. Knowing this, the professors dare not make any form of protest against the administration.

On the whole, the aforementioned indicates that Tung Chi University has been transformed into a setup which employs bootlickers and slaves instead of genuine scholars and professors. How then can bona fide professors take a hand in shaping, directly or indirectly, the fate of genuine scholars?

At present, depravities fostered by the so-called institutions of learning have reached alarming proportions. It is generally admitted that nowhere in the world is a professor subject to such humiliations as in China.

In conclusion, the writer strongly urges those who are ranked as the intelligentsia not to sit quietly while the institutions of higher learning are being transformed into lunatic asylums.

EUGENE HWO.

Shanghai
July 21, 1948.

Responsibility To UN

To The Editor:

Twice during this past half-century has Great War been inflicted upon the world, leaving in its wake confusion, sorrow and destruction. The world is again in a state of crisis, it is again put to test by the temptations of war: and the individual is put to no less a test for his faith in peace. There is only one way to save world civilization and that lies in the joint efforts of all individuals to cooperate with one another for peace. This is our last chance to choose between civilization and barbarism. The responsibility for the peace of this generation and the coming generations weighs heavy upon the shoulders of each one of us—now.

Each one of us is a citizen of the world, and, as such, a citizen of the United Nations. The duty of the individual to the United Nations—the sole organization for mutual existence, the only path toward eternal peace—is urgent and holy. Each conscientious citizen is obliged to undertake this duty in two ways, one passive and one active, and neither yielding its importance to the other.

What should one do passively?

First of all everybody must have a thorough knowledge of the United Nations, its background, its organization, its powers, its limitations and its political philosophy. Then one may consider the genuineness of its purpose, the greatness of its ideal, and find the value of its existence—so indispensable to a sound world. Thorough understanding would give forth belief, trust and faith. It is not enough, however, having merely a few people to believe and trust in this organization; it is the task of the individual to impart his knowledge and his faith to his fellow-citizens, to propagate them far and near with the zeal of a gospeller. Thus may the wheel of the United Nations turn with speed and efficiency, with the good will of all the peoples throughout the world giving it motive power.

Secondly, one should not neglect the evil of suspicion. Numerous instances of catastrophes created by suspicion can be enumerated from the history of mankind. Really, the most fundamental cause of the breakdown of the League of Nations was a formidable suspicion among nations. It is now again taking wing in the United Nations, throwing obstacles here and there in the pathway to peace.

The cause of suspicion can be expressed in simple words, prejudice and misunderstanding. Prejudice against races and colors, misunderstanding in ways of living and thinking shape into fear and rents among individuals, which gradual-

ly develop into breaches among nations, especially when aggravated by treacherous plots and distortions of politicians for their private advantage.

Prejudice is a bias of mind resulting in the prejudgment, distortion and misunderstanding of fact. Prejudice against races and colors serves ambitious men well as their philosophy of aggression. To get over prejudice, one must consider, in his judgment of the other, all factors as a whole instead of looking at one particular point. In being sane and just, one finds that all men are created equal.

Thirdly, ignorance and poverty are ruthless enemies to humanity and civilization. The United Nations has taken as its job to ostracize them from the world, but only with the concerted effort of the individuals under every sky and in every clime can that be accomplished.

Education is the sole remedy for ignorance. Most of the people of the world are responsible for the two world wars, because they either actively or passively preached inequality, hatred and war, or consciously or unconsciously received education without discrimination and objection. With such education war is the inevitable result. In the words of Shakespeare: "That we but teach bloody instructions, which being taught return to plague the inventor: this even-handed justice commands the ingredients of our poison's chalice to our own lips." In order to avoid war, everybody should realize the importance of education, and the philosophy of education should be *love*. As eludicated by Motze, a Chinese philosopher more than two thousand years ago: "It is really a great benefit to the world, if one treats other's nation as one's own nation, other's family one's own family, other's body one's own body.....and the strong do not threaten the weak, the many do not rob the few, the rich do not insult the poor, the noble do not be proud to the common, the wise do not cheat the fool. Whence does this benefit come?—It comes from *mutual love*."

What, then, is one going to do actively to the United Nations?

Each individual should participate in the progress of the Organization. History has proved through the failure of the League of Nations that without the supervision of their individual citizens most governments and leaders cannot be trusted with so great and so holy a job as to manage and maintain peace for the world. They are too often covetous of gaining smallest benefits for their people, regardless of causing heavy losses people, regardless of causing heavy to the others. Everybody hates war; everybody hates carnage. The only way out is for all individuals to cooperate and participate in the progress of the United Nations instead of giving the leaders thorough powers to run the Organization. The task must be accomplished in two ways: first, to supervise the leaders that they should act at the will of their fellow-citizens, and the governments that they are under the control of the people; secondly, to watch closely the United Nations that it should aim constantly at the goal—the security, peace and prosperity of the world.

The task of any leader is to be faithful to his fellow-citizens. He should be far-sighted enough to consider it an impossibility to plan for the security and prosperity of his nation by sacrificing the others, but only with the prosperity and peace of the others can security, peace and prosperity for all be found.

PAN HUO-PING.

Kunming
July 7, 1948

Linhwaikuan Massacre

To The Editor:

I should like to tell you this tragic story which, of course, did not appear in our controlled papers.

There is a large camp for wounded soldiers at Linhwaikuan, a station along the Pukow-Tientsin line. Most of these miserable creatures had been conscripted from rural villages to fight bravely for the benefit of a fortunate few. Being now exhausted, they are now despised by our Democratic Constitutional Government. This ingratitude has served to excite their injured emotions and, as a result, we have ever-recurring "incidents" all over the country.

The other day, one such "incident" happened when some of these wounded heroes quarrelled with soldiers of the Provincial Peace-Preservation Regiment which is camped in the same town. Both sides stuck to their point and reconciliation seemed impossible. A lieutenant of the Regiment was then sent to the wounded soldiers camp to offer a solution. As soon as he entered their camp, he was killed by sudden fire. Hearing this, the Colonel ordered his machine-gunners to beseige the camp. Guns were fired for three days. The beseiged soldiers suffered from hunger and thirst and, consequently, were forced to come out to meet their final fate. The Colonel escaped after the massacre was completed.

Long years of war have deprived most people of their sense of humanity. If the fighting continues, who knows what fate lies in store for our people.

C. C. HO.

Hwaiyuan, Anhwei
July 15, 1948

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A Weekly Newspaper Established in 1917

The editorial pages present each week the opinions of the editor. The other pages of The China Weekly Review are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

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Washington Circus

THE special session of Congress called by President Truman for the purpose of disposing of some much needed legislation appears to be fast turning into a political farce, with little hope of getting any constructive work done. As we pointed out in an editorial on June 19, entitled "Spring Fever Hits Congress," America's legislative body seemed much more concerned with partisan politics this spring than it did with getting the business of the nation finished.

Congress finally adjourned just before the Republican national convention, leaving a lot of unfinished business. In calling for a special session, President Truman, who has termed this Congress one of the worst in the country's history, said that there were about a dozen pieces of legislation which he felt needed immediate attention. Truman also pointed out, with sharp political acumen, that the Republican-controlled Congress should not mind meeting to pass this legislation since the Republican convention had approved, with nominee Dewey's adherence, a platform calling for enactment of almost exactly the same legislation.

However, the Republicans gave vent to howls of anguish, claiming that Truman's move was a cheap political trick. Republican leaders have maintained that there was no need for a special session, that the nation's business was in sufficient repair at the moment and that Congress could handle any necessary legislation when it met again in the fall. The Republicans, in a matter of a few weeks, seemed to have lost sight of the fact that they themselves had advocated the early passage of most of the same legislation which Truman called them back to tackle.

One point which should be of particular interest to many of our Chinese readers, who have been looking forward with pleasure to the prospect of a Republican victory in November, is that Republican nominee Thomas E. Dewey, who has been criticizing the Democratic administration for its internal government and for its China policy, has been afflicted with a strange silence at this moment. Dewey, who has said that Truman wasn't looking after the American people well enough and who has advocated increased aid to the Nationalist Government, is now passing up a golden chance to get everything he has said he desires passed into law.

Since Congress is Republican-controlled, and Dewey is the Republican candidate for president, he could persuade Congress, during this special session, to do virtually anything. The Republicans would have to accede to his every desire if they did not wish to make themselves ridiculuous before the electorate. Dewey has taken the easy way out. He has retired from the scene. How, then, can one explain Dewey's earlier statements about the criticial situation in China and the urgent need for speedy aid to Nanking? If Dewey was then expressing an honest conviction, how can he now ignore what may perhaps be his only opportunity to transform his wishes into fact? It is possible that Dewey really doesn't know or care anything about China but was just making "political" statements; or is it possible that Dewey thinks China really needs urgent aid but that he selfishly wants to hold up this aid on the chance that he may be elected president in November and can then obtain personal credit for the aid by recommending it officially to Congress after he assumes office next year?

No matter how one looks at it, Dewey is not showing up very well. At this point he appears mainly as a cautious politician who feels that if one does nothing, one can avoid making any political mistakes. We would counsel our readers to take any future Dewey pronouncements about the China situation with considerable salt. We may be doing the Republican nominee an injustice but it is our opinion that Dewey neither knows nor cares anything about China, that his previously published remarks about this country were entirely political in nature in that he felt that the Truman administration's China policy was weak and therefore a good point for attack.

* * *

MEANWHILE, the Republican members of Congress seem to be in much the same frame of mind as their new leader; they apparently would rather do anything else than attend to the pressing business Truman has put before them. Truman has asked them to pass legislation covering some dozen points, such as public housing, social security, price control, tax measures and racial equality. Congress has chosen to overlook all of these points but one. That is the anti-poll tax bill, which would prevent discrimination in voting in the so-called South where many Negroes are now disenfranchised by a crippling poll tax requirement. The bill presently before Congress would declare poll taxes illegal and thus would allow many southern negroes to vote for the first time in their lives.

Despite the fact that the Democratic Party for a great many years, especially since Franklin Roosevelt was first elected to the presidency, has been the more progressive of the two major parties, an incongruity has existed in that the so-called Solid South, one of the most reactionary sections of the country, overwhelmingly supports

the Democratic ticket, year in and year out. Thus, the southern Democrats are largely opposed to all of the social legislation proposed by Truman. They are particularly opposed to the anti-poll tax bill.

The Republican strategy for making this special session of Congress completely useless centers around this southern opposition. Opposed to all of Truman's proposals, the Republicans, who control both houses of Congress, have decided to place the anti-poll tax legislation first on the list of things to be done. The result is that the reactionary southern Democrats are allying themselves with the more reactionary elements of the Republican Party to attempt to defeat this measure. The probable result will be two or three weeks spent in senseless haggling and then the Republicans will adjourn Congress without having accomplished anything, they hope, aside from embarrasing the Democratic Party before the American electorate.

From where we sit it seems almost impossible to disagree with Truman when he called this Republican-controlled Congress the second worst in the history of the country.

No Improvement

BY the end of last month, the Government issued new regulations regarding the use of Chinese funds abroad for importing capital goods and raw materials. Chinese businessmen have called those new regulations a typical example of the Government's Super-Red-Tape, but they are also evidence that the Government's fundamental idea of "permitting" someone to invest his good money in this inflation-ridden country shows how widely Nanking's views diverge from those of the nation's business world. We really doubt, and so does Shanghai's banking world, that the Government can attract large funds by issuing invitations full of restrictions, or that the nation can hope to get rid of the money inflation so long as the Government fails to apply one of the various remedies which economists have already found and applied successfully.

Today, China's money inflation is a phenomenon in which the whole world is interested. The American taxpayer who is supposed to spend money for China, the British subject who still waits—in vain—for China to begin paying loan services, French and Belgian interests who have invested in China and last, but not least, the Chinese businessman himself—all long for normalization of China's finance and for, at least, a decline in the speed of this country's money inflation. All feel that what has happened and what still goes on cannot simply be credited to speculation, hoarding, malpractices, or the existence of a free exchange market in Hongkong. On the contrary, they feel, and have said so, that speculation, hoarding and malpractices are consequences of and not responsible for the fast increase in the tempo of the inflation.

It is a sure bet that without applying the somewhat bitter ingredients of a compound anti-inflation remedy, neither the present nor any future government can be expected to stop inflation and improve the buying power of the legal tender. No foreign exchange control can help, even together with bureaucratic interference in trade and finance. Genuine, i.e. unbureaucratic price control, starting at the bottom and ending at the retail prices of consumer goods, can help and actually has helped in many instances abroad.

Occasional curbing of the purchasing power in the hands of the public cannot help either, as has been shown here frequently when, through one means or another, the Central Bank tightened the money market and credit became scarce and expensive. Such occasional curbing —and the stress lies on *occasional*—only forces private interest rates up and, by doing so, increases the speed of inflation. While this, no doubt, is well known to most if not all officials responsible for the nation's financial policy, they appear bound to consider special interests which, they indicate, frequently are contrary to those of the nation.

Nor are those responsible officials unaware of the fact that inflation cannot be checked without increasing production. Yet, they state that in various instances their efforts have been in vain. The fact that production by enemy-property concerns has declined rather than increased is mentioned as one typical fact; that assets of such enterprises are not yet used for attracting idle funds is mentioned as another. There has been much talk about the mobilization of such assets, but while in many cases their intrinsic values have declined in the meantime, nothing has been done to activate whatever values there still are and to mobilize them by putting shares on the market.

Under such conditions, and taking it for granted that there is neither sufficient gold nor sufficient silver to carry out a realistic and well-founded currency reform, it appears that a return to old liberalistic programs may offer better chances than half-baked control systems. The various shortcomings of such out-dated ideologies are well known. Liberalistic programs certainly are no ideal means against so dangerous a disease as a runaway inflation. But as matters are at present, it is almost obvious that a liberalistic economic program is the smaller of evils. The real medicine, the bitter one, would call for outright control of production, consumption and money spending, with a view to controlling the movement of prices.

There is no method of stabilizing prices so long as political conditions remain as they are, but there might be a possibility for controlling and checking price movements. However, apparently the bitter medicine shall not and, perhaps, cannot be applied. Actually some less bitter ingredients of the compound have been applied, but there can be little doubt that only the entire compound, not small portions of its ingredients applied one after the other, can bring about relief.

Under such conditions much can be said in favor of liberalistic concepts, providing they do

not lead to complete laissez-faire. To control the price mechanism of the market still would be possible and could be carried out by government institutions. As matters are at present, not only in China but throughout the world, a hundred percent free economy certainly is a hundred percent impossibility. But what under prevailing world conditions can be considered a liberal economic system may help China more than new restrictions, regulations and laws, the effect of which may hardly be worth the energy spent in mapping them out.

Kuomintang's Housecleaning

TALK about reform within the Kuomintang has been going around for some time. Press reports indicate that top leaders of the Kuomintang are planning a "drastic reorganization" of the party machinery in order to cope with the present acute crisis. It is further disclosed that several reform programs drafted by different Kuomintang cliques are now under serious consideration by the authorities concerned before they are formally submitted to a forthcoming party caucus for consideration and action.

According to the official organ, the *Central Daily News*, Nanking edition, contemplated reform within the Kuomintang is nothing new, for the party's 50-year history is one of reform. The last reorganization of the party took place in 1924 under the leadership of the late Dr. Sun Yat-sen. And it was this reform that paved the way for the successful launching of the Northern Expeditionary Campaign, resulting in the Kuomintang's capture of power throughout the country. Government leaders frankly admitted that without the party purge in 1924 it would have been impossible for the Kuomintang to overthrow the Peiyang warlords and establish the National Government in Nanking.

Will the forthcoming reorganization of the Kuomintang produce the same brilliant results? The question is very difficult to answer. Much will depend on how the reorganization is going to be carried out, and how far. A careful and unbiased study of the existing circumstances may be a lot of help to us in finding a correct answer.

* * *

IT must be pointed out first of all that conditions in this country today are radically different from what they were in 1924. First, the Kuomintang of 1924 was a small but compact organization with a revolutionary, militant and dynamic leadership. The rank and file was active, enthusiastic and hard-working. The party machinery was efficient and business-like. But the Kuomintang of today is a gigantic party which boasts of 4,000,000 members, with branches scattered all over the land. This naturally involves looseness in organization, laxity in party discipline, intolerable bureaucracy and red tape. Besides, the present leadership of the party has lost much of its revolutionary spirit and popularity.

Second, back in 1924, the Kuomintang, in spite of its own government in Kwangtung, was a party out of power so far as the whole of China was concerned. In other words, the party belonged to the "have-not" category. It was characterized by its progressive ideas, its readiness to get things done, its revolutionary fervor and its determination to fight for justice and righteousness. This was the reason why the party was highly popular with the common people.

After the establishment of the National Government in Nanking the situation changed. Once in power, the Kuomintang became a "have." It gradually became conservative, because it had many things to conserve. The same thing has happened to political parties in other countries. But the story of the Kuomintang is particularly pathetic. Dr. Sun Yat-sen's San Min Chu I was gradually forgotten in actual practice and the party became more and more identified with the vested interests. Of late, things have come to such a pass that not only large numbers of non-Kuomintang people but even many Kuomintang members have lost their confidence in the Kuomintang. Generalissimo Chiang Kai-shek, according to press reports, has openly deplored the fact that many Kuomintang men had lost their self-confidence. The semi-official *China Daily Tribune* revealed in an interesting story: "....The role of the Kuomintang members is 10 times smaller than the size before the war. The truth is that since the prestige of the KMT as a dominant political party is gradually deteriorating, most ardent partisans who are dissatisfied with the present course of affairs constantly drop from their affiliations. And worst of all is that in the good old days of the party there were new members registering, new members who were very hopeful. At present, not only are such new members lacking, but even old members of capacity are decreasing...."

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DR. TAFT'S
U.S. EMERGENCY WARD
ELECTION
PEPMAN

Under such circumstances, any "drastic reorganization" of the party would mean the stepdown of the bureaucrats who are in control of the party or at least a partial surrender of their power. They cannot be expected to do either of these things without a fight.

Third, the bitter struggle between the various cliques of the Kuomintang is sure to add to the difficulties involved in reorganizing the party. In the early twenties the only conflict was that between the Right wing and the Left wing, with the latter gaining the upper hand. Today, the Kuomintang is torn with internal conflict. It is an open secret that there exist within the Kuomintang the CC Clique, the Political Science Group, the Youth Corps, and the Whampao Group, to name only a few of the factions. The struggle between them has made the Kuomintang a house divided against itself. These cliques were not created in a day and their conflict has been of long standing. It would be ridiculous to think that they will bury their hatchets and band themselves together in a single unified organization overnight. Things aren't that simple.

Latest reports from Nanking indicate that the CC Clique and the Youth Corps have mapped out conflicting reform programs. The former suggests that reorganization be carried out from the bottom up while the latter stands for overall reform from the top down. The reason is not far to seek. The CC Clique is in control of the party leadership at the top while the Youth Corps dominates many local Kuomintang branches.

It was predicted in Nanking, according to *UP*, that the Kuomintang may emerge from the forthcoming reorganization a party divided into two main factions with the name of Kuomintang maintained as a "symbolic link" and Chiang Kai-shek occupying the position of "symbolic leader" of both factions. Some Kuomintang quarters held the view that formation of two opposing factions is essential to the successful working of China's new constitutional government.

Besides, the Communist factor is also of tremendous significance. Way back in 1924, Dr. Sun Yat-sen's San Min Chu I was political gospel to the majority of the Chinese people who were groaning under the corrupt and rotten regime of the warlords. The Kuomintang was left virtually unchallenged in its political agitation and propaganda. But today the situation is different. The Communists are presenting a serious challenge to the Kuomintang, both militarily and politically.

* * *

IT is, therefore, easy to see that to undertake a "drastic reorganization" of the Kuomintang is not a simple job. It will be much more difficult than the party cleansing of 1924. It's all very well to adopt high-sounding resolutions or issue strict orders on party reform. But the most important thing is that the resolutions and orders should be carried out rather than be allowed to become dead letters.

25 Years Ago In *The Weekly Review*

The Situation In China

August 4, 1923

The situation in China is briefly this: Chinese liberal political leaders, acting upon the inspiration of republican experiments in other parts of the world, but chiefly in America, overthrew the old monarchy that was tottering under its own weight of age, inefficiency, and corruption. But they did not complete the job and form a new government. They stopped to compromise with the elements of reaction whose power was not entirely broken. The liberal elements permitted the reactionary elements to return to power and now we have them all over the country under a new name. The reactionary elements obtained foreign assistance and sold their people's birthright to get it. Hostile foreign interests do not desire to see China unified into a strong nation, and play one against the other. In order to obtain power, unpatriotic officials have not hesitated to barter vital national resources in exchange for material assistance. Elements of disorder and disunion have developed to the point where Chinese politics resembles a checker game. Provinces are independent and even parts of provinces are independent of their own provincial authorities. Coalitions are formed to force unity and immediately counter-coalitions are formed to offset the stronger elements.

* * *

Players Without Rules

Perhaps it is the hand of destiny working and the Chinese people may be receiving their education in liberty in the school of adversity, but it is hard for the friendly outsider to see many rays of hope in the darkness. The average Chinese individual impresses one most favorably with his personal character and background of personal liberty and national culture, but collectively the Chinese, and especially the politicians, impress one as an army without a general, as a group of players without a captain or established rules of the game. There probably are half a dozen men in China who could settle the unity of the country at least for a considerable number of years, but instead of getting together and finishing the job, they play individual games and work against each other for personal ends and to the national embarrassment.

10 Years Ago In *The China Weekly Review*

Japanese Leftists

August 6, 1938

The Japanese gendarmes are most active in the suppression of radical anti-war elements in the factories, particularly in the munition factories. Whenever an active Leftist organization of industrial workers is found, there the iron claw of the Government is sure to fall.....The ruling classes in Japan are most afraid of the Popular Front as it is able not only to undermine the Fascist influence but also to shatter the adventurist policy of Japanese imperialists. The same severe suppression is applied to the literary writers and the intelligentsia, although they have no party colors nor belong to the Leftist revolutionary groups.

* * *

Matter Of Time

If the initiative of war belonged to the Soviets, as is surmised in certain quarters, then it is obvious that the Red leaders would like to have it on their own terms, at the time most suited for their armed forces—in winter. Then the Russian coast is frozen and the Japanese Navy becomes useless, a factor which cannot be overlooked when discussing a Soviet-Japanese war.....In any case, a general Soviet-Japanese war now appears to be inevitable, and only a matter of time.

RECENT DEVELOPMENT OF MASS EDUCATION IN CANTON

Hsu Hsi-ling

Canton, July 25.

Anyone familiar with social conditions in China is aware of the fact that a large portion of her population cannot read and write. In spite of her comparatively long period of civilization, educators in ancient China never dreamt of extending their work beyond a limited few.

The contact with modern civilization during the past hundred years had introduced to the nation the idea of popular education, of education for all people. Yet, the size of her population, the difficulty of her written language, the constant political disturbances, the undeveloped economic status, all have worked together to prevent this idea or ideal from an earlier realization. The recent Japanese invasion has operated distinctly to raise rather than to lower the percentage of illiteracy in existence as an even larger portion of persons was kept away from schooling due to the effect of the war. At present, the estimated figure of illiterate adults among the entire adult population would be not lower than 35 percent. To be sure, such a high percentage of illiteracy cannot help but be a constant and real obstacle to the nation both in her practice of political democracy and in her preparation for industrialization.

The piece of work which I am going to report on has been developed in the city of Canton. It represents an attempt of united effort to cope with the evil of illiteracy which we have long been facing. Beginning from March 1947, a group of us took up a program for teaching illiterate adults to read and write. We organized two sessions of literacy classes during the 14 months from March 1947 to April 1948. There were in the 1st session, which ran from March to June, 14,329 students enrolled in 393 classes, taught by 816 teachers. There were in the 2nd session, which covered the months from October to April, 1307 students enrolled in 37 classes taught by 79 teachers. The two sessions together enrolled a total of 15,636 students. While 15,000 is but one twentieth of the total adult population that should be given literacy education in the city, for there are at least 300,000 illiterates, yet such a figure was the largest number that the city has ever enrolled in classes for illiterates within a period of a little more than one year.

Table II

Name of Community	No. of Classes Opened	No. of Student-teachers Participating	No. of Student-teachers Receiving Subsidization	No. of Illiterate Students Taught
Southern East Suburb	8	16	3	279
Eastern Suburb	9	18	3	274
West Village	3	6	1	97
Western District	10	20	5	378
Central	2	4	1	85
Northern Suburb	5	10	2	194
Total	37	74	15	1307

This piece of work has been developed under the auspices and supervision of an organization called the Canton Mass Education Association. The Association has been organized for about 16 months. It has been a gathering of interested and public-spirited persons in the city. How can such a humble organization attain such an unprecedented result? The explanation to this question is perhaps of some interest and significance for us to trace. As the development of the work was divided into two sessions, we must visualize the work session by session beginning with the first one.

The big enrollment of 14,329 in the first session was brought about by two features unique in our approach to the work. The first one was connected with the supply of teachers. As no class can be held without the guiding force of a teacher and as the huge size of illiterate adults always calls forth the service of a big number of teachers whose total salaries prove to be beyond the capacity of the government to pay, the most enthusiastic advocator for literacy education would be brought to a standstill by the lack of teaching personnel. In February 1947, being confronted with such a real difficulty, fortunate for the Association or rather fortunate for the illiterate mass, people in the Association began to see the advisibility of enlisting the services of qualified and needy college and senior middle-school students in their spare time to teach in the literacy classes. As the livelihood of these students themselves was getting harder and harder day by day due to the constant rising of the cost of living, a proposal was made to, and accepted by, the work team of CNRRA of Canton to encourage such students to teach at night. Under such a scheme, any willing student might teach two hours a night for three nights a week, and receive in turn, as compensation for his work, 60 catties of rice every month. Generally, two students working together would take up the whole teaching program of six nights a week in a class. In this way, the Association was able to have a sufficient supply of teachers for the classes.

Aside from teacher-supply, another new feature adopted was the method of textbook preparation. Different from the Western language, being a non-phonetic system, the Chinese character had always been exceedingly hard to learn and exceedingly hard to memorize. In most cases, the learner had to resort to the painstaking effort of memorizing a certain meaning to a given from which he met as a new character in a given lesson. Yet the ordinary textbooks were generally so written that there was scarcely sufficient practice or drill provided to facilitate firm memory of the character. As a result, what was being learned one day was immediately forgotten the next day. In view of such a handicap, the Association devised a new set of textbooks in which every new character encountered in a given lesson was followed by a system of practice and application in subsequent lessons to insure thorough memory and mastery. No doubt, the adult learner would enjoy much more such a learning process, and hence would care much more to attend the class after it started.

It was the combination of the

Table I

Name of Community	No. of Classes Opened	No. of Student-teachers Participating	No. of Illiterate Adults Taught
Southern East Suburb	45	93	1737
East Suburb	36	86	1206
Tung Shan	16	32	519
Sai Shan	35	70	1372
West Hill	21	42	856
Western Village	23	47	862
Northern District	48	96	1759
Northern Suburb	14	28	535
Central	28	56	1115
Horn Lok	23	58	428
Others	104	208	3868
Total	393	816	14328

method of teacher-supply and the method of textbook preparation that accounted for the success of work during the months from March to June. There were plenty of teachers willing to serve, and the task of learning Chinese had been rendered easy and fruitful. When the problems of both the teacher and of the students were solved, you can easily imagine how the development of literacy education was well on its way. The number of classes opened, student-teachers participating in work, and illiterate adults taught in the different communities of the city are given in Table I. It is evident that the classes were well spread in the different parts of the city, and students joined the work quite enthusiastically in every community.

Turning to its second stage of work, the Association drew its support from individual subscriptions. During the summer of 1947, the Chairman of the Standing Committee of the Association had a chance to go down to Hongkong. He took that occasion to present the case of mass education to a few public-spirited persons there, such as the Chairman of the Y.M.C.A. and the members of the Y'smen Club. His appeal was not neglected. As a result, a sum of a little less than HK $2000 was raised during the vacation. This money enabled the Association to arrange for 39 classes admitting a total of 1307 students for literacy education beginning from the middle of October to the middle of April. A general description of these classes is given in Table II.

When we compare the work of the two stages just mentioned, evidently the second stage experienced quite a severe drop. But taking the work as a whole, we may gather from the experience of the last 14 months a few principles for guiding future development of literacy work. They may be enumerated as follow:

(1) A program for literacy education in Canton can be carried out and continued inspite of the hardships of the present day. There is always a large group of illiterate adults waiting for a chance at literacy education; and there is always quite a number of public-spirited persons interested in such a development. All we need is some sort of organization and cooperation.

(2) A better type of teaching material can be employed which would serve to shorten the time and yet raise the efficiency of the adult learners.

(3) In providing literacy education for the masses during such times, the service of qualified and needed college and middle-school students might well be enlisted. Such a provision will bring relief to the masses and to the student-teachers alike, thus serving the purpose of killing two birds with one stone.

With the above conviction in mind, the Association is planning now to have its third session of classes opened in the near future. We are hoping to enlist 80 students for service, and to offer 40 classes admitting a total of from 1,600 to 2,000 illiterate people in the city. To everyone of these 80 students, a monthly allowance of 50 catties of rice or the equivalent of HK$20.00 is given for the six month session. For the source of rice-supply, we are going to depend upon subscriptions from influential persons and leading merchants in the city. A subscription of HK$240.00 will be sufficient to allow 40 to 50 persons to receive education for six months, and to maintain at the same time two needy and qualified college—or middle—school students to continue their own schooling during day time for the same period. How many classes we can actually open this time depends on how much people in the city are willing to contribute.

However, we do expect that Canton is ready for education for every person regardless of sex, vocation or social position. The path may be a long one, but the goal is worthy of our effort.

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Burma's Communist Growing Pains

William Johnson

BURMA today is a mass of apparent political contradictions. Her Premier, Thakin Nu, has recently announced that all leftist forces in Burma, including "true" Communists, should unite under one banner and turn to Marxism. At the same time, Nu's government, a coalition of leftist forces under the banner of the Anti-Fascist People's Freedom League, is busy trying to crush Communist guerrillas fighting in the interior, has outlawed the Communist Party of Burma (Red Flag) led by Thakin Soe and is frowning upon the leaders of the still-legal Burma Communist Party (White Flag). Although the picture is far from clear, it is apparent that the issue has been openly joined between the League and the more radical communist parties. Whether or not Premier Nu's recent announcement embracing the Russian ideology will affect the League-Communist battle remains to be seen.

The parent of all the leftist Burmese parties engaged in the present struggle was the radical and highly nationalistic Thakin Party, organized in the years preceding World War II with the principal purpose of freeing the country from foreign (British) domination. "Thakin" means "lord" or "master" and was used for years as a courtesy title in addressing the British and Europeans. The young nationalists who were struggling for full self-government adopted the Thakin title for themselves, each member prefixing his name with it. All the Thakins subsequently became the foremost political figures of contemporary Burma.

Double Split

The League was formed during the war to lead an underground movement of resistance to the Japanese. The Communists, led by members of the Thakin Party, were the best organized and most aggressive element within the League. Their policies, as stated shortly after the liberation of Rangoon in 1945, were almost identical with those expressed by their nationalist-socialist colleagues in the League. All were in favor of political and economic independence and a nationalized economy. In the rural districts where the Communists did most of their organizing, the peasantry made little distinction between them and other members of the League.

The break between the Communists and the League-dominated government began in 1946 when veteran politician Ba Pe, leader of the conservative element within the government, was called a "tool of the imperialists" by Communist leader Soe for having denounced Russian totalitarianism. In the ensuing scuffle Soe was removed from the Central Committee, went off on his own and formed the Red Flag, or Communist Party of Burma. Within the fold of the League, however, there was still the White Flag, or Burma Communist Party, so the Red Flag split was actually a double affair—first within the League and then between the communist leaders. Soe's Red Flag group was finally outlawed by the government in January 1947, and its members "went underground," organizing and arming bands of rebel guerrilla fighters to harass and plunder the countryside.

Dry Season Bandits

From Pegu, about 40 miles north of Rangoon, to Meiktila, about 75 miles south of Mandalay, armed bands roving over a wide territory have been seizing towns, derailing trains, cutting telegraph lines and creating other havoc. How many of these guerrillas are actually Red Flag Communists is a debatable point. The dry season, during which the rice fields lie fallow until the beginning of the rains in mid-May, has always been a time of lawlessness in Burma. Young men temporarily out of work and money take to banditry like American boys to baseball. They have considerable arms with which to carry on their game as a result of two campaigns having been fought across their land during the war. "Many of these fellows are calling themselves communists," a Burmese declared recently, "because this is more respectable these days than being called bandits."

Officially, the government contends the majority of the rebels are not communists at all. It maintains that Communist leaders recruit brigands, teach them some slogans and turn them loose to raid and loot in guerilla fighting, but that these followers are too ignorant to understand what the fighting is all about.

Soviet Help

The Red Flag Communists have actually made a great point of claiming that the Soviet Union helps them. They say it in propaganda literature and reportedly have displayed light-skinned, bearded partisans to the ignorant guerrillas, saying that these bearded men were Soviet parachute troops who had arrived to "help the cause."

The Communist Party in Burma numbers about 300,000 adherents, observers believe. However, because of the numerous splits within the party (the Red Flag and White Flag groups are only two of several) it is impossible to ascertain how many Communists are actually participating in the prevailing disorders. The army, Air Force and police have been mobilized and Thakin Nu is leading government efforts to crush the rebels. Responsible officials believe that the Communists offer no grave threat to the government at present, but that even when lawlessness is halted the government will watch the party closely.

The Burma Communist Party (White Flag) which has not yet been outlawed by the government but which has definitely fallen from grace, maintains direct relations with the militant Indian Communist Party. The Indians are believed to take their orders directly from Moscow, and much Moscow-line propaganda originating in India is found in Burma. Meanwhile, many in the large Chinese population are known to be Communists, but their interests seem to center primarily on the struggle in their homeland. Premier Nu announced last March that the White Flaggers were following a "26-page typescript brought back from India" by one of their members which urged the "launching of a more vigorous campaign to incite strikes and to create more and more unrest in Burma so that ultimately, when the government found itself confounded and confused, the Communists could wrest power by force." This campaign has obviously begun and the battle with the government joined. "The synchronizing of Communist turbulence in India, Burma and elsewhere suggests . . . that the events of Burma are part of the concerted efforts of the Communist world to dislocate governments in countries outside the Communist sphere of influence," wrote Foreign Minister U Tin Tut recently in his daily newspaper, the *New Times of Burma*.

Unpredictable Future

Thus, with sounds of the government-Communist struggle in the background, the voice of Premier Nu calling for unity and for his country to follow Russia served only to confuse an already highly confused picture. The Premier stated specifically that he wants all Burmese left-wing parties to join in a United Party; that, although Burma is surrounded by nations within the Anglo-American sphere of influence, it wished to follow the Russian ideology; that Burma must have a plan of national unity to which all races native to the country could subscribe and which must have a program that "no person of leftist views could fail to accept." Finally, to confuse the picture even more, he added that the Anglo-Burmese treaty of October 1947, in which both nations are pledged to come to each other's assistance in the event or threat of war, is in the best interests of Burma and that its defense provisions do not fetter the freedom of his government.

It is inevitable that the basic differences among Burmese nationalists should become more pronounced now that their common goal, Burma's independence, has been achieved. However, not even the most seasoned political reporter could piece together all the minute and complex factors of the Burma scene to predict with any certainty what will develop within the next few years—or even the next month.

SOVIET RUSSIA'S COMMONWEALTH

JACQUES DECAUX

(Special Correspondent, The China Weekly Review)

WHILE she wages her cold war with the West, Russia is tightening her economic links with the countries east of the Iron Curtain. On May 28 she maneuvered the signing of a Polish-Bulgarian treaty which will be followed soon by treaties between the other countries of Eastern Europe (Hungary, Rumania, Czechslovakia, etc.) in different combinations. In all, there will have been 14 treaties signed in Eastern Europe, all of which will have been built on one cornerstone: mutual assistance in the case of aggression "from Germany or from any other state linked in any way to the former." The fear of Germany angle is, of course, nothing but a cover-up to justify Russian action, so that when and if the time for action comes, she can accuse the Western Powers of desiring to get back Eastern Germany and endangering herself and her satellites.

Russian Fears

It may seem inconsistent that these treaties are all directed against Germany while Russian policy is supposedly aimed at rebuilding and unifying Germany. It may also seem strange that Russia, instead of engineering a common treaty between herself and the Eastern European countries under her control, insisted on a number of particular treaties. The truth is that Russia feared that these countries might one day begin to realize their own strength and want to shed some part of Moscovite tutelage. It is already apparent that Tito's Yugoslavia has gone too far in the way of individuality.

In spite of this sort of family bickering, however, the countries of Eastern Europe under Russian tutelage do truly constitute a commonwealth. But, different from "empires" which were conquered by a "master race" and which have inevitably dissolved into "unions," this commonwealth is stronger because its whole is linked together by an existing common element within each of its parts—the element of communism. There is no outside "master race" to be fought against: there is the political and social ideal of one's own countrymen instead—a far more difficult proposition. To be sure, the believers in this ideal are relatively few. M. Grygorian, spokesman for the Cominform, tells us that outside of Russia there are 9,000,000 card bearers of the Communist Party: that in the states of Eastern Europe, which have a population of 75,000,000, there are less than 6,000,000 card bearers. Obviously, the communist coup in Eastern Europe is the triumph of a small, carefully organized minority.

Letter To Stalin

How organized this minority is was shown in a letter addressed to Joseph Stalin by Jan Masaryk a few hours before he died. The letter was brought to Paris by a Czech captain, Ivan Krylov, who obtained it from Marshal Bulganin's secretariat. A facsimile was published recently in the Paris press and it appears to have all the signs of authenticity. Mazaryk's letter is an explanation of his suicide. It analyzes the situation leading to his death coldbloodedly and with much good sense. The theme of his thinking and what he said to Stalin is summarized as follows:

My father taught me that Czechoslovakia could not be independent without direct assistance from Russia. We Czechs knew that we could trust only one country to defend us against an aggressive Germany. In 1914, our soldiers crossed the border to fight on the side of the Russians even though we, in Austria, lived under a parliamentary system and you Russians lived under an autocratic system. I have not forgotten my collaboration with Mr. Molotov in San Francisco. To him I truthfully stated my country's position. I did my best to accelerate the cession of our Bohemian uranium mines to you in order to show you (Stalin) clearly that in whatever conflict might arise we would be on Russia's side. Later, I did not hesitate to refuse Marshall Plan aid to show you that our external policy was in line with Russia's.

Not so long ago, I asked you for some information concerning your position. You sent me a letter and M. Zorin, who explained to me that Russia needed, for preventive security reasons, a strong government in Prague. You stated that you had full confidence in President Benes, but that our National Assembly was full of traitors, avowed enemies of the USSR and ready to join in with the Anglo-Americans in the case of a conflict. You promised me that the Czech Communist Party would not abuse its authority to take over the government completely. You know very well that my own prestige did a lot to make President Benes accept the Gottwald government, thus preserving our country from civil war and from trouble with Russia. But I understand now that the Communist Party has no intention of considering my legality. We are in a regime where the "action committees" make the laws to suit their needs. Even friends of the USSR have been sent to jail. In my own ministry a committee renders void all my orders. We are in a Soviet regime, with these committees taking the part of Soviets.

I know that you do not have the same notions of liberty as do I. Here, we are used to a regime exactly the opposite of the one which is being installed now. I might have made a great show of my resignation, but the son of Mazaryk is not justified in fighting Russia. We are thousands upon thousands of intellectuals, without whom you will never be able to build your Eastern European defense. For when the day of your need of us comes, you will be faced with Slav people who hate their governments, governments which scorn their intellectuals and find their backing only in police and guns. I cannot live without liberty.....

This is merely a rough translation, summarized from the text published in *Combat*. The original may be more carefully worded and literate but I have represented the idea here as faithfully as possible. It is highly significant that a man behind the Iron Curtain should have died so simply, without harsh words and fully conscious of political realities, for the sake of liberty. Beyond these words we have a glimpse into the spiritual situation of which the USSR is now highly aware. It is a situation which gives rise to this question confronting Russia: In case of need, how much support can she count on from those countries now under her control, and how long will that control last after the police and guns are switched from repression to actual fighting? The Soviet Commonwealth is based on repressive might. Is not spiritual might stronger? And, if so, how can the USSR fight it?

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Holders are requested to list their coupons upon forms which may be obtained on application at the Accountant's Office of the above-mentioned bank. Such forms should then be left at the bank between the hours of 10:00 a.m. and 3:00 p.m., Saturdays excepted, three clear days previous to payment. Alternatively, holders may, if they prefer and their bank agrees, hand their coupons into their own bank for collection.

R. G. WOODHEAD,
Asst. Secretary & Asst. Treasurer.

Currency Reform Is No Panacea

J. R. Kaim

THE question of whether currency reform is possible under prevailing political and economic conditions has not been discussed in public for quite some time. The debate on silver being used for a new currency has come to an end. But, while the Government continues to issue new regulations concerning the use of assets abroad and while commodity prices and public utility rates continue to increase drastically, news from interior provinces indicates that confidence in the legal tender is practically non existent. It goes without saying that no genuine improvement can be achieved—Civil War or no Civil War—so long as the people have no confidence in the money they earn. Occasionally, inflation may help the exporter. Occasionally, it may help the treasury. But it certainly destroys a nation's economic and moral foundations. It is a disease that has to be fought.

Reports from Washington and London on the results of the Allies' currency reform in western Germany show that the fight against inflation and its disastrous consequences could be carried out despite many obstacles on both the political and economic fronts. In the face of tremendous handicaps a reform actually was carried out which, though by no means ideal, was a strong blow in the campaign to restore health to the sorely-stricken German economy. In order to find out whether the method applied can be of interest to other countries, such as China, let us see for a minute what are its fundamental ideas:

Apart from creating an entirely separated currency for the three western zones which are not under Communist influence, the scheme entails a drastic purge of money and bank deposits. Like in the Russian area earlier this year, there has been an exchange of currency and bank deposits for very much reduced quantities of new marks. This applies to all amounts in excess of a small per capita sum regarded as pocket money which was convertible into the new currency at full face value. However, and this certainly is one of the scheme's most vulnerable spots, while wealth held in the form of money was diminished to almost nil, wealth held in the form of property, land and commodities escaped the penalty or, if one dislikes this term, escaped the swinging capital levy. Whether this was justice, is one question, whether it could have been avoided certainly is another.

Reports prove that no sooner was the reform announced than goods of all sorts appeared on the market. Such goods, naturally, had been hoarded and they were hoarded because there was no confidence in the Reichsmark which indeed everyone wanted to get rid of. And because there was no confidence in the legal tender, exporters receiving payment in marks for their goods found little incentive to export at all.

Reports from Washington and London also show that while prior to the currency reform, plans for securing effective use of raw materials were hampered, matters changed at once when the new currency was issued. And the new currency, it must be mentioned, is based on neither gold nor silver. It is based on a production program and on confidence.

Whether the Allied currency reform in Germany will be a full success will depend on many more

NOTICE TO ALL CONSUMERS.

SHANGHAI POWER COMPANY
WESTERN DISTRICT POWER COMPANY
Federal Inc. U.S.A.

SHANGHAI Power Company supplied approximately 86% of all electrical energy utilized in the Shanghai area.

In order to produce that power it must:

(a) Purchase 30,000 tons of oil and 18,000 tons of coal monthly.
(b) Purchase maintenance materials and supplies from abroad.
(c) Meet its payrolls.
(d) Provide for reserves to cover depreciation and other corporate requirements.

Under normal conditions when price variations were small, the Company required a working capital equal to approximately two months' operating expenses.

Since inflation has accelerated, Shanghai Power Company has been purchasing its fuel the first of each month in order to hedge that amount of cash in fuel against rises in costs. That policy has kept electricity rates as low as possible.

Since March, 1948, the rates of the Company have been kept too low—less than provided for under the formula authorized by the Ministry of Industry and Commerce. Often during the delay in negotiating and securing approval of rates, costs have substantially increased, although the rates were computed upon the lower costs prevailing the first day of the month. That policy forced losses upon the Company even before the new rates are applied.

As a result of those policies and procedure since March, 1948:—

Electricity rates were increased	692%
Coal was increased	606%
C.O.L. index was increased	673%
Oil was increased	2,600%
Exchange authorized the Company was increased	1,790%
Import duty on oil was increased	2,082%

Over 70% of the Company's costs are directly related to oil, which increased 2,600%, and exchange, plus certificate rate, which increased 1,790%. It is, therefore, evident that electricity rates have been completely inadequate since March, 1948.

By July, the Company's losses had reduced its cash to the point where it was only adequate to purchase 47% of July oil and such coal as was available to it. Its cash working capital and cash for required reserves had been dissipated by operating deficits.

The Company is short $5,000,000,000,000 required for the purchase of fuel alone during August. If exchange or duty on oil increases in August, it will increase that shortage.

Negotiations undertaken by the Government authorities have secured to Shanghai Power Company a cash credit for $3,500,000,000,000 to purchase fuel, against the Company's estimated requirements of $5,000,000,000,000. The difference, amounting to $1,500,000,000,000 can only be secured for fuel purchases by asking all its consumers to pay July bills promptly and by asking its larger consumers to pay their bills in advance of the normal due dates.

The responsibility for this dangerous position does not rest with the Company as it has protested all rate increases since March as being inadequate.

Shanghai Power Company's rates are the cheapest in China. They are substantially below rates prevailing abroad, although over 80% of its requirements are directly or indirectly governed by the U.S. dollar exchange value of the Chinese dollar.

The Government's loan in effect subsidizes fuel for the power supply of Shanghai and, to that extent, increases the problem of controlling inflation.

August 2nd, 1948.

things; this is the view shared by practically all financial experts in Europe as well as America. They all say that the currency reform must be followed by urgently needed economic reforms, by important budgetary changes and by a new system of price control. Measures to deal with unemployment must be pushed forward and the question whether Western Germany is to be considered a hard currency country or not is to be decided. In short, American and European economists agree that, as a London comment states, "currency reform is not a panacea for Germany's economic ills; it is only a first stage in the cure, but it is an indispensible stage."

It is easy to understand why experiences made in Europe by the Allies in their German currency experiment are of fundamental importance to all inflation-stricken countries.

The reform was possible without gold. It was possible in spite of the controversy with Russia. It was—so far at least—a success. However, it can be no success in the long run, if it is not followed by various other reforms: no doubt, this would refer to China as well.

Certainly, one cannot simply compare conditions in China with those prevailing in Europe. There, no consumer goods were obtainable before the currency reform; here they are available, though at high prices. There, the blackmarket dealt in commodities; here in gold and exchanges. There, the reform hit savings in banks and homes; here, savings in cash are very small indeed. Yet, in spite of such differences, the Allied system in Germany and its consequences are of tremendous importance, of greater importance even and of greater significance than the systems applied, earlier this year, in France and Italy.

The very fact that three different systems—or two, if one wants to identify the Italian and French methods—could re-establish confidence in the respective national currencies shows that in spite of political disorder and general economic difficulties a currency can be stabilized, at least to a great extent, when confidence in the economic administration is regained and a certain amount of economic liberty guaranteed. In Italy, France and Western Germany, the fight against blackmarkets could not help anything. While there is still a black exchange market in France, it is well known that its existence does not handicap the legitimate market but, on the contrary, supplements it. The same applies to Italy where occasionally black rates are lower than official rates. A report from Milan recently stated that "one can buy everything at moderate though not cheap prices and there is no hiding of consumer goods as was the case a year ago."

In the American, British and French zones of Germany, reports state, all sorts of goods have reappeared and the new Deutsche Mark is regarded as nearly a hard currency. People again have started to open savings accounts. Production is expected to increase, providing that exports are big enough to permit sufficient imports of raw materials. As one sarcastic reporter says: "Even the cows have heard about the currency reform and the new value of money; they supply much more milk now than a month ago."

Nevertheless, it is obvious that those are right who claim that if the currency reform is to succeed, it must be followed by other reforms and a permanent balance must be established between incomes and supplies of consumer goods. This, one should think, is a logical economic demand which no doubt applies not to European conditions alone.

Had the Allies in Germany tried to re-establish the buying power of the old mark by simply ordering people to sell stored goods or had they introduced still more rigid controls, or had they confiscated property or applied similar methods, they would have destroyed what little confidence still existed in the economic structure. However, the means applied have narrowed the money-goods gap and have thus provided a breathing space. They alone cannot bring about full economic recovery. But they provide the time needed for carrying out fur-

ther reforms in the direction of increasing exports, increasing spending, increasing production. Without confidence in the system applied by the American economists in General Clay's Headquarters and without the granting of almost free trading, the results, probably, would have been less promising.

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The Week's Business

GENERALLY speaking, commodity prices went up during the week ending Wednesday, August 4, whereas stock markets were erratic and irregular. Rumors that fighting had started in Berlin together with stories about the Government's planning to prohibit possession of foreign values brought about one of the most remarkable slumps on the Shanghai Stock Exchange. This happened on Monday, August 2, when the piloting share, Wing On Textiles, reached the bottom before the noon closing and recovered slightly during the afternoon session.

On the same day, business was impressed by the news that utility rates had been hiked between 110 percent and 300 percent, effective as from August 1. While businessmen fully understood the necessity of such hikes, they also understood that in spite of all talk to the contrary such and similar decisions are bound to increase the speed of inflation.

On Monday and Tuesday, August 2 and 3, it was rumored that the Government intends to order all safety deposit boxes in Shanghai sealed, whereupon tens of thousands of middle-class people stormed the trust departments of local banks. While people emptied their boxes, banking circles scoffed at the rumor that the authorities were considering so drastic a step. Bankers pointed out that while the wildcat rumors were doing their damage, they failed to believe that the Government was interested in hitting the middle classes; the really wealthy people certainly do not keep their valuables in safety deposit boxes, they explained.

Another rumor which impressed the market referred to a report claiming that the Government plans to nationalize gold. Each individual, the rumor said, would be allowed to keep only a certain amount of gold. The remainder will be bought by the Government at the price of ornament gold and police will be ordered to search for the hidden treasures.

Banking circles pointed out that according to prevailing laws everyone is permitted to keep, though not to deal in, gold and foreign currencies. If the Government actually intends to take over privately owned gold and foreign exchanges and currencies, this would no doubt increase the speed of inflation and would rob the nation's economy of one of its last foundations. They also indicated that if such action were carried out, it would result in a tremendous flight of capital to other countries; the blackmarket, bankers explained, would hardly be in position to supply all the drafts wanted by the public, in such a case. As such an upheaval would result in heavy blackmarket activities and, therefore, in further increases of blackmarket rates, bankers doubted that the Government would attempt such measures.

However, they believed that another story circulated in financial circles might be true; namely, that the Government intends to close more than half of the existing banks and other financial institutions. Remaining banks will be required to increase their capital and may be requested to merge with other banks. Simultaneously, the Government was reported to be planning the taking over of all shares of the Bank of China, the Farmers' Bank and the Bank of Communications held by private investors. The Government may also limit the business activities of the three banks.

It goes without saying that with so many rumors impressing the market and reliable news indicating further controls, business as a whole was far from normal. The situation certainly was not bettered by another piece of information; namely, that the 300 godowns registered with the authorities will be inspected in the near future and a committee organized to dispose of what is termed hoarded goods. As the political situation is far from reassuring throughout the world, finance quarters made it clear that piled-up cargo may be considered an asset rather than a liability.

The most spectacular development took place on the foreign exchange market where the Certificate rate gained rapidly, reaching $5,600,000 on Wednesday, last day of the week under review. While to exporters this certainly was good news and while it diminished the gap between official and black prices, the high rate also indicated that Certificates were comparatively rare, in other words that recent exports cannot have been entirely satisfactory.

Quotations

Stock	July 28 CNC$	Aug. 4 CNC$
Wing On Textile	11,450	12,030
Mayar Silk	505	485
Commercial Press	3,700	3,400
Wing On Co.	2,850	2,850
Ewo Cotton	—	—
Bond C	980,000	1,210,000

Commodity	July 28 CNC$ (000 omitted)	Aug. 4 CNC$ (000 omitted)
Wheat Flour	10,700	12,650
White Rice, first	37,000	39,500
Peanut Oil	95,000	107,000
Raw Silk "C"	2,180,000	2,350,000
Jap. Rayon	2,281,000	2,222,000
Cot. Yn. (42)	1,800,000	2,000,000
Cot. Yn. (20)	1,370,000	1,420,000
Koo Ban Soap	64,000	65,000

NEWS OF THE WEEK

Premier Denounces Chinese Reds; Spy Scares Cause Big Stir In US

TAKING advantage of the action by the Chinese Communists in supporting the Cominform against Tito of Yugoslavia, Premier Wong Wen-hao, in a statement addressed to the people of China, charged that this "is iron proof that they (Chinese Communists) are serfs of the Communist International." It also proves, according to the premier, that "the Chinese Communists have no nationalism and that their demand for a coalition government in China was merely a smoke-screen, and that they were liars when they avowed a toleration for capitalism and the promotion of the interests of farmers."

Commenting on the present fighting in this country, Wong said: "This is not a civil war. Nor is it an inter-party conflict. It is a struggle to preserve the pulse of China, a struggle for national independence and salvation." He branded the Communists as being "liars" and "traitors" who do not have the slightest concern for the interests of their own country and who are out to destroy their government by force.

The premier appealed to all Chinese to "clearly distinguish between right and wrong" and cooperate with the Government in the battle against Communism. He also called upon those who have been "drugged by Communist propaganda into joining the Communist bandwagon to quit immediately" as loyal citizens to aid the government in reconstructing the country and promised that all those who abandon Communism would receive full protection.

A high official source in Nanking disclosed that Wong's statement was designed to counteract "venomous effect of Communist-inspired peace rumors" now gripping Kuomintang China. The source said the rumors, which were categorically denied by the Government every time they came up, still are current in the principal cities like Shanghai, Nanking and Peiping. He said although they are deterring rises in commodity prices, they have a demoralizing effect on the Nationalist troops at the front. Wong took this opportunity to reaffirm the Government's determination to continue the present Communist-suppression campaign.

* * *

Significant Move

IT will be interesting to recall that many of the wild peace rumors came from North China. The recent developments there should be carefully watched.

It does not require a competent observer to see that the local authorities in North China are gradually carrying out drastic changes in their military and political strategy and tactics. According to *UP*, Governor Chu Hsi-chun of Hopei is of the opinion that the way to fight the Communists is to use their own methods—to scrap positional warfare and embark on mobile or guerilla tactics. As a corollary, the Government must secure willing cooperation of the populace in the battle areas. Chu said that with accurate, efficient intelligence work the Nationalists could hit right back at the Reds with their own weapons by keeping on the move instead of waiting for a formalized battle front to develop and then relying on heavier artillery and aerial bombing to rout the Reds.

But he warned that this cannot succeed without a "sacrificial spirit" of the people who would be expected to pursue a scorched earth policy in areas which are about to be lost to the Reds. This would involve mass evacuation of villages and small towns by the populace as well as defending garrisons. Household and farming implements would be buried, drinking wells filled up vehicles dismantled and hidden and no food left behind. When the Reds arrived, they would find the place unable to sustain them and would—according to Governor Chu—be forced to withdraw.

While in the military field, Governor Chu proposed to isolate the Reds by separating them from the populace, he advocated commodity exchange between the areas held respectively by the Nationalists and the Communists. It is rumored that government officials in Hopei are planning an open-air fair in "some coastal regions" where non-military commodities such as marine products, salt, cotton piece goods and other manufactured goods can be exchanged for cereals, raw cotton, bristles, furs, and other things from Communist-held areas. The barter will be arranged directly by merchants from both areas under Government supervision.

Governor Chu admitted that a large-scale commodity exchange was clandestinely taking place at Tientsin, Tongshan and Tangku. It is said that the present economic blockade measures against the Communist areas have been the subject of much criticism lately by leading Tientsin industrialists and traders. Coupled with the Communist counter-blockade, these measures are making commodity exchange through legitimate traders impossible although large-scale transactions are believed to be conducted by underground methods.

If the proposed plan for commodity exchange between Government and Communist areas were carried out, it would not fail to have its political significance. And it is this and other projected measures now under consideration by the authorities in North China that have lent color to current peace rumors.

* * *

Watch The Japs!

IN sharp contrast to the statements issued by General Douglas MacArthur's headquarters, chairman Kazuyishi Dobashi of the Japanese communication workers union openly told the world that Japan is creating "a military regime dangerous" to the remainder of Asia. He said:

"The Japanese Government is creating a military regime dangerous to China, the Philippines, Malaya and Burma. . . the Government is trying to deprive workers of all their rights. Industrialists and investors want to produce cheap goods, keep down wages and dump the goods on the world market. . . Before the war, Japanese were accused of dumping their goods. Now they plan to do it again. They will dump goods again and endanger the economy of nations where they sell."

Recent developments seem to indicate that General MacArthur is fully determined to crack down on Japanese labor. In a letter to Prime Minister Hitoshi Ashida, General MacArthur strongly "suggested" that Japan's public service laws be amended to ban strikes among the 1,842,000 organized government employees who comprise more than one-quarter of Japan's union labor. According to press reports, the Japanese Government interpreted the letter as a direct order.

This order, however, has aroused much opposition and bitterness among Japanese workers and among American officials as well. Both James S. Killen and Paul S. Stanchfield, chief and deputy chief of the labor section at General MacArthur's headquarters, have resigned in protest. Killen made it crystal clear when he said: "I propose to resign because I cannot adjust myself to the new SCAP labor policy which denies the right of collective bargaining to legally constituted unions of government employees."

Acting upon General MacArthur's letter, the Japanese cabinet issued an interim order banning civil service employees from exercising the right of strike or of collective bargaining. The National Congress of Industrial Organization bitterly attacked the action and condemned the Government for making public its "one-sided views on MacArthur's letter" without waiting for action by the Diet. It is further pointed out that "this action disregarded the laws of Japan and attempting to make the constitution a dead letter."

The new order, according to competent observers is indicative of the recent political trend in Japan.

* * *

Political Maneuver

THERE was considerable feeling among the Republicans against the special session of Congress called by President Truman. They denounced the President's action as a "political maneuver in a campaign for his own re-election." Chairman Robert Taft, of the Senate Republican Policy Committee said that Truman's attempts to blame the Republicans for high prices was "demagoguery." At the same time House Republican leader Charles A. Halleck of Indiana said that Truman was guilty of a "vicious and completely unjustified attack on Congress." He charged that the attack was "obviously so political and so petty as to reduce further his already rapidly disappearing support among the people. It was further stressed that Truman's special session call was a "flagrant abuse" of presidential emergency powers.

President Truman submitted a basic 11-point program to the special session to combat inflation. He demanded wage and price controls, rationing and excess profit taxes, solving the present housing shortage. The President said inter alia: "The urgent needs of the American people require our presence here. Our people demand legislative action by the government to do two things: First, to check inflation and the rising cost of living; second, to help in meeting the acute housing shortage. These are matters which affect every American family. They also affect the entire world for world peace depends upon the strength of our economy. Communists both here and abroad are counting on our present prosperity turning into depression. They don't believe we can or will put the brakes on high prices. They are counting on economic collapse in this country. If we should bring on another great depression in the United States by failing to control high prices the world's hope for lasting peace would vanish. Depression in the United States would cut the ground from under the free nations of Europe. Economic collapse in this country would prevent recovery throughout the world which is essential to lasting peace. We would have only ourselves to blame for the tragedy that would follow."

In his mid-year economic report to Congress, President Truman warned that a depression may be in the offing unless something is done to curb inflation. "Facts add up to a clear and disconcerting conclusion. In spite of some favorable factors we are in the very midst of gathering inflationary forces which day by day are imposing additional hardships upon countless families and day by day are undermining the foundations of the remarkably high level of post-war prosperity we have thus far maintained. It would be reckless to assume that a bust will not happen if we neglect action to control the boom. The President's three-man economic council headed by Dr. Edwin Nourse said "unworkable relationships in the price structure" might cause a break in economy which could lead to a "general recession of serious proportions."

* * *

Spy Scares

RED-BAITING and spy scares are pretty prevalent in the United States these days. In spite of his determined fight against world communism, and against Henry Wallace, President Truman was charged by publisher Robert McCormick of the *Chicago Tribune* with "wanting to take us more than half way to Communism."

Miss Elizabeth Bentley, allegedly an admitted communist spy, charged that Lauchlin Currie, former administrative assistant to President Franklin Roosevelt and Harry D. White, former assistant secretary of the Treasury, had supplied war-time secrets to Russia. Of Currie, Miss Bentley said that in addition to giving information on the breaking of the Russian code he "provided inside dope" on the Chinese situation.

Bentley's charges were promptly denied by Currie and White. Both of them denied having ever met or known this woman. White said, "This is the most fantastic thing I have ever heard. I never heard of this woman before."

Representative John E. Rankin, member of the Un-American Activities Committee, before which Bentley made her charges, complained that the committee has been spending most of the day "smearing Currie by remote control." He asked how the committee could believe third-hand information from an ex-Communist like Miss Bentley. He suggested that the intermediaries might have lied.

NOTICE

REVISION OF TELEPHONE TARIFFS

The Shanghai Municipal Government has approved the following revised telephone tariffs:

MONTHLY RATES:	With Wall Type Tel.	With Desk Type Tel.
	CN$	CN$
Business line with allowance of 100 calls per month	10,000,000	11,360,000
Residence line with allowance of 60 calls per month	6,000,000	7,360,000
Extension station on same premises	4,640,000	6,000,000
Additional messages, in excess of monthly call allowances:		
	CN$	
Usage between 61 and 100 (residence), per call	100,000	
Usage between 101 and 150 (business & residence), per call	100,000	
Usage between 151 and 300 (business & residence), per call	200,000	
Usage in excess of 300 (business & residence), per call	320,000	
Note: The usage of subscribers with more than one line will be averaged so that full benefit of the allowance and of the above progressive scale of charges will be given in respect of each line.		
Public Telephone Service, per call	100,000	

Charges not included in the above table may be obtained by calling the Business Office of the Company.

All bills are expressed in thousands of C.N. Dollars. Therefore, please add "000" when reading bill total.

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August 3, 1948.

US Magazine Roundup

Far Eastern Survey

WRITING on the new US economic policy for Japan, Jerome B. Cohen, in his article entitled "Japan: Reform vs. Recovery" published in *Far Eastern Survey* for June 23, 1948, declares that the reform phase of General MacArthur's rule of Japan is over and the industrial recovery phase is slated to succeed it.

"As the original Presidential Policy Statement on Japan made abundantly clear, the responsibility for economic reconstruction was left primarily in the hands of the Japanese people and their government. The attitude was that it was up to them to repair the economic damages they had suffered because of a war they started. A Japanese government was left in power largely for this purpose. Emphasis in SCAP was on demilitarization.... Developing economic circumstances, however, and incredibly incompetent performance by the Japanese government forced a complete reversal in Japan of SCAP's original position of non-responsibility in the economic sphere. The announcement a few months ago that Gen. MacArthur was using Allied troops to enforce collection of Japanese taxes and rice serves to highlight the now complete reversal of American occupation policy in Japan.

"Paralleling this reversal within Japan has come a wide turnabout on the policy level," states Mr. Cohen, who then goes on to quote the statement submitted by Gen. McCoy to the 28th meeting of the Far Eastern Commission, held in January 1948, which said in part: "It is the view of the US Government that, if the fundamental objectives of the occupation are to be achieved and if there are to be established the conditions necessary to enable Japan to make its proper contribution to the economic rehabilitation of world economy and to take its place in the community of nations, a much greater effort must be made to bring about the attainment of a self-supporting Japan with a reasonable standard of living...."

"With this patent admission that the previous two years of economic policy in Japan had been a failure, the crux of the problem was, obviously, how to bring about 'a self-supporting economy with a reasonable standard of living.' Japan's economy is at present far from self-supporting. It is estimated that some $400,000,000 of American aid was necessary to prop up the economic structure in 1947. . . It has been estimated that Japan will require about $1,575,000,000 of exports each year to pay for essential imports of food and raw materials to maintain a tolerable food ration and standard of living at home. During 1947 imports into Japan were $526,130,000 and exports were $173,568,000. Only 25 percent of the imports was financed by foreign exchange secured by the sale of Japanese goods abroad, the balance being the value of relief supplied procured with US appropriated funds. Japanese industry is operating at less than 45 percent of the 1930-34 average. By the beginning of 1948 it was apparent that Japan was still deep in an economic morass.

"Subsequent events have indicated that the proposed solution is to give Japanese business its head; to reopen trade fully; to make Japan the workshop of the Orient; to decelerate the decartelization process; to halt the purge of business leaders; to stimulate foreign capital investment; to reopen the stock market; to reduce corporate taxes; to eliminate reparations largely; to rebuild the Japanese merchant marine; to let Japanese merchants actively seek the markets abroad which SCAP's foreign trade functionaries could not generate successfully."

The author issues a warning, however, that in proposing such a recovery plan, necessary as it may seem to be, the US is facing a wall of opposition from other Far Eastern countries who would have to compete with Japan commercially or who bore the brunt of Japan's war of aggression. He quotes from protesting Filipino, Chinese and even Australian and British newspaper editorials to indicate the strength of this opposition. "On the basis of many stories similar to these," he continues, "it seems fair to assume that the (new economic) recommendations could not be made, through unilateral action alone, the basis for a reparations program for Japan without losing support of all Far Eastern Commission countries. They have not as yet indicated a desire to welcome Japan back into world economic and political relations upon a free and equal basis. For the US to attempt to thrust a Japan, shaped by US direction alone, upon the rest of the Far East might not only hinder but actually postpone the resumption of those economic and political relations with the world upon which Japan's cooperation depends. A policy of achieving economic cooperation in the Ear East by consultation and persuasion—the calling of a Far Eastern Economic Conference—would appear to be much wiser than an imposed unilateral policy.

* * *

Business Week

"AMERICA'S circle of friends in China is shrinking." Thus opens the "Shanghai Letter" appearing in *Business Week* magazine for June 26, 1948. The Letter continues: "Dollars have proved no substitute for diplomacy. The many US diplomats since the war too often acted like bulls in a China shop. Washington hasn't even been able to coordinate China's hodge-podge of non-Communist factions. Among these are many influential people who simply can't understand Washington's dollar support of Chiang Kai-shek's government, or US efforts to rebuild Japan.

"The recent anti-US demonstrations by university students here brought matters to a head. US Consul General Cabot labeled the demonstrations as Communist-inspired. Certainly the Communists jumped on the anti-US bandwagon. But the drum-beating was not a Communist idea."

The Letter goes on to explain the widely-held theory that the CC clique of the KMT was actually behind the student demonstrations; that they were incited (or permitted) in order to embarrass America in retaliation for US intervention in the Chinese vice presidential elections. However, "when the students took over, it became clear that their real whipping boy was the Chinese government—and the US for helping keep it in office. That put many CC connivers on the spot. Many quickly joined the chorus denouncing Communist agitators.

"The demonstrators were not of the 'lunatic fringe.' Many Chinese sincerely believe that if it hadn't been for the billions of US aid dollars since the war, Chiang's government would have had to mend its ways. To remain in office the KMT would have had to pay more than lip service to China's crying needs—land, tax, police and budget reforms. Instead, say the dissenters, the dollar pipeline convinced Chiang and his henchmen that all they had to do to stay in power was to denounce the Communists in stentorian voice."

The Letter then switches to the subject of recent and future American aid, praising the efforts of China Relief Mission (CRM) which, it says, "took to heart the blunders of UNRRA. Americans or American-trained Chinese have supervised every inch of its program. As a result there has been almost no misappropriation of supplies or funds ....The CRM backers are afraid the latest $400,000,000 (to be distributed by the China Aid Mission under Rodger D. Lapham) will be just another grant to the Chinese government, that Washington doesn't much care how it is spent as long as corruption is kept down.

"If Washington doesn't follow through, many Chinese will write off the China Aid Mission as another useless job. They make it quite clear that unless a program similar to CRM's is followed—unless CRM's administrators are kept on the new and bigger job—they will not go along. For the US, a loss of supporters in this middle-of-the-road group could be a serious blow. They have a good chance of being leaders in any new Chinese government.

The Review's English Lesson—XLIII

IT has been said that a man's success in life may be determined by the size of his vocabulary. Certainly a large vocabulary is necessary for mental growth, ability to gain new ideas from others, and expression of our own thoughts in writing and speech. One very easy and effective way to increase our vocabularies is to have a thorough knowledge of the meaning and usage of **prefixes** and **suffixes**, for they aid not only in analysis of unfamiliar words but also supply a tool to make our present vocabularies more pliable and adaptable.

A **prefix** consists of one or more letters or syllables placed before a simple word or root to change or modify its meaning. An example is in the word "prefix" itself which may be used as a noun or a verb; the word "fix" means place or set, while "pre" means before. A **suffix** again is one or more letters or syllables placed after a word to alter its significance or make a new word.

Some of the most common prefixes and suffixes are given in the two lists below:

Prefixes:

a-, ab-:	from, away
ad-:	to
anti-:	opposite, against
com-:	together, with
de-:	down, down from, away
dis-:	apart, away, not
e-, ex-:	out of, out, from, off, beyond
ob-:	toward, against
omni-:	all
pro-:	before, instead of, in behalf of, forward
re-:	back, again
semi-:	half
super-, supra-:	above, over
trans-:	over, across

Suffixes:

-able, -ible:	capable of being
-age:	condition, state
-al, -eal, -ial:	pertaining to
-ance, -ence, -ancy, -ency:	act of, state of
-ate:	state, condition, one who, place where
-er, -or:	one who has to do with, resident of
-ess:	feminine
-ion, -sion, -tion:	state of being, action, result of action
-ist, -ite:	one who does or makes a practise of
-ity, -ty:	state, quality
-ive:	pertaining to
-ment:	state of being
-ose, -ous:	full of, abounding in
-ure:	act of, condition, state

* * *

The following paragraph contains idiomatic words and expressions which you should try to translate for yourself before looking at the explanations.

Mr. Evans, the incumbent mayor of the city, had **pushed his way into the driver's seat** 1) of his own party by **playing politics** 2) and occasionally **brandishing the lash** 3) to **hold** other officials **in line** 4). As it became obvious that mismanagement of the city government was the result of **political bossism** 5), some of the citizens decided to **pool their resources** 6) and **stand up to** 7) the leaders in power. The mayor himself was **earmarked** 8) as the principal obstacle of honest government and the one with whom there must be a final **showdown** 9) but, as a **first step** 10) toward improving the administration, the group **mapped a campaign** 11) to attack the policies of the lesser officials and try to arouse public indignation against them.

1) **push way into driver's seat**—as the driver's seat is where the operator of a machine sits, the expression means force one's way into the position of control.

2) **play politics**—engage in political affairs with the primary end of securing private gains.

3) **brandish the lash**—a figure of speech meaning to menace or threaten as if by shaking a whip.

4) **hold in line**—keep to a straight course of action which has been previously agreed upon.

5) **political bossism**—a political boss is a professional politician who dictates measures and has control of votes. Addition of the suffix "-ism" gives the meaning of action characteristic of a political boss.

6) **pool resources**—merge the property or interests of a group of persons to further a joint venture.

7) **stand up to**—meet an enemy, danger, etc., fairly and completely.

8) **earmarked** — specially marked out or identified; the word originated from the practise of marking the ears of animals to denote ownership.

9) **showdown** — definite display of intentions and resources.

10) **first step**—the first move or act in a series of measures towards a result.

11) **map a campaign**—decide on or mark out the directions and objectives of a series of operations.

* * *

Correction: In last week's English lesson "Phrrhic victory" was incorrectly spelt "Pyrric".

What Chinese Papers Say

THE "party affairs examination" movement within the Kuomintang last week replaced US aid to Japan as the most popular subject of the Chinese press in Shanghai. However, the *Chung Yang Jih Pao*, official organ of the Kuomintang in Shanghai, avoided the subject. It twice turned its editorial wrath on the Chinese Communists, echoing Premier Wong Wenhao's statement to the nation branding the Chinese Communist Party as a China fifth columnist of the Cominform and castigating the "professional students" for being spies working for the Reds.

* * *

Party Reform

THE *Tung Nan Jih Pao*, known to be in close contact with the CC-Clique, called the planning and "actual launching" of the party reform a "very gratifying phenomenon." It insisted that the party can be reborn. It went on: "It is an inexorable principle that only the fittest can survive. If the KMT does not examine itself more carefully in the face of realities and do away thoroughly with what is rotten and take on what is new, but merely recalls its glorious past history in order to get some consolation, thereby seeking to maintain the status quo, then nobody will be able to work a miracle.

"If the KMT wants to restore its revolutionary spirit, it should first try to overcome its own biases caused by undue emphasis on personal relations and 'face,' and decide who should be the objects of a real revolution. Not only should it revolutionize others, but sometimes it should revolutionize itself as well. When a political party is advanced in years, its good elements and its bad elements should be clearly distinguished.

"The situation today is such that the KMT must no longer refuse to see the doctor simply because it does not want people to know that it is ill, and leave things as they are as long as possible. Sooner or later, there will have to be a showdown in the form of drastic reform of Party and governmental affairs. The time for such a showdown has now come! We hope that the progressive people within the Party will unite as soon as possible in seeking to bring about reforms in the Party from the bottom up in a democratic spirit."

In another editorial the following day (July 30), the *Tung Nan Jih Pao* charged that the KMT now represents the interests of "all kinds of feudalistic, bureaucratic, compradore and other reactionary forces" and became separated from the masses. It added:

"The reactionary wealthy people are represented by the 'favored family' capitalists today. They have not only adversely affected the spirit of the Party, but have done innumerable things detrimental to the interests of the country and the people.

"We feel that the projected reform should be a revolution. A revolution permits of no compromise and no consideration of personal relations. Shall we have a reform? Or shall we remain conservative? We hope our Party people will make the right choice."

* * *

US Democrats' Split

THE *Lih Pao*, the organ of the influential General Labor Union, urged drastic reforms within the KMT, lest there develops within the party a split comparable to the split within the Democratic Party ranks in the United States. It said:

"When a political party has gone astray in regard to its policies, i.e., when it has allowed itself to be manipulated and monopolized by a small number of backward, conservative and selfish elements, so that it has led the nation's politics to a disappointing and hopeless course, those forces within it which represent progress and reform will doubtless quit the party and unite together in deciding upon a new course which is in line with the trends of the times and with the objective needs, and abandon the old, unreasonable and even reactionary spirit. Even though Wallace will not necessarily succeed and even though, under the attacks of Truman and Dewey, he will most probably fail to get elected as President, yet the voice of the vast majority of the American people which speaks through Wallace's mouth cannot be drowned. . .

"Will the KMT, which has a history of 50 years as a revolutionary party and which espouses such revolutionary principles as will meet the needs of the times, prove to be unable to regenerate itself? We do not and dare not believe this."

* * *

Down with Cliques

THE *Yih Shih Pao*, Chinese Catholic organ, listed among the chief ailments afflicting the Kuomintang the existence of factions and cliques. In planning party reform, the paper said, these factions and cliques must be eliminated.

A summary of the editorial said: "The Kuomintang is now suffering from more than one disease. As disinterested onlookers, we feel that one important thing which the Kuomintang should do now is to thoroughly and effectively eliminate all the factions and cliques within itself. These factions and cliques were formed for sentimental reasons as well as reasons of personal interests. Today, the Party members do not care for the Party as a whole, but only for the factions and cliques to which they belong. Therefore, while, nominally, there is only one Kuomintang Party, yet actually, there are more than two, or even eight or ten, political parties within the Kuomintang.

"The greatest illness of China today is that there is a lack of good discipline in the country. This lack of good discipline is due to a lack of distinction between right and wrong, and the reason why there is no distinction between right and wrong is that the guilty Government employees are not properly punished, and those who have rendered meritorious services are not properly rewarded. This is mainly because the factions and cliques have aided and abetted their members in their illegal activities, have been selfish, and have purposely tried to undermine governmental administration. The only thing they are interested in is to get promoted in official rank and thereby to get rich quick. Hence, corrupt officials and 'favored family' capitalists have inevitably been produced. If the Kuomintang wants to reform itself and to save itself and the country, it should eliminate all the factions and cliques within it as soon as possible!"

* * *

SCAP Labor Policy

THE influential *Ta Kung Pao*, ever vigilant over political and economic developments in Japan, took Gen. Douglas MacArthur to task last week for his letter to Japanese Prime Minister Hitoshi Ashida voicing his opinion that the civil service personnel in Japan should have no right to collective bargaining and to strikes in wage demands.

"From this," the paper said, "we can see that General MacArthur wields supreme power over Japanese politics, because a single word by him has been able to stabilize the Ashida Cabinet and a single word by him can overthrow a Japanese Government. We are not charging that the United States controls the national destiny of Japan or that she has been interfering with Japan's internal politics, for such control and such interfering should be done. What we feel ought not to be permitted is that the Japanese ship of state is now heading toward an undemocratic course. The man who has been steering the Japanese ship of state has been devoting his attention exclusively to aiding the feudalistic, conservative forces, thus nipping in the bud the democratization of Japan. . .

"Although the Ashida Cabinet has been stabilized temporarily, yet it will eventually be swept away by the undercurrent and will not be able to last long. The Socialist Party has demanded the dissolution of Parliament, and the Democratic Liberal Party has demanded that the Ashida Cabinet resign en bloc. In the third special session of Parliament to take place in September, the political struggle will most likely be intensified, so the future of the political career of Ashida is still not very bright."

What US Papers Say

STRONG opposition was expressed editorially last week by most US newspapers to the program of the new Progressive Party led by Henry Wallace. On the other hand, the proposal of Paul Hoffman for a four-year, unified economic plan for the European countries under ERP was met with widespread approval from the press. Other topics commented upon included the unrest and disorder in Southeastern Asia and China's economic and military plight.

* * *

Wallace Platform

AT the close of the new third party's nominating convention in Philadelphia the US press wound up for an editorial blast at Wallace and his platform. Many papers declared that the convention was maneuvered by a Communist minority and that Wallace and his running-mate Taylor were deceived by them. Many stressed their belief that most followers of Wallace are attracted by his domestic program. Virtually all doubted that the party had any hope of winning the election. The following comment is representative:

The *New Orleans* (Louisiana) *Times-Picayune*: "Its (Progressive) platform calls, in practical effect, for 'making America over' into a totalitarian state very much after the Moscow pattern, with Government ownership of many industries and regimentation of employment in such private enterprises as may be left for a time unseized. It calls for repudiation of the European recovery plan, for 'peace with Russia' to be negotiated by Henry. And it promises, after the totalitarian fashion, that the rulers of the remade Government will give prodigally, out of the nation's assumedly illimitable and inexhaustible abundance, to gratify the wishes and satisfy the cravings of the discontented."

The *San Francisco Chronicle*: "The Communists are Wallace's old man of the sea. He won't get anywhere till he gets rid of them, and they say he can't get rid of them. They're riding on his neck till November. He can get out from under them in only one way, and that is by withdrawing from the presidential race."

The *Denver* (Colorado) *Post*: "Even the usual campaign exaggerations cannot conceal the most deeply significant defeat which the Wallace third party has suffered. That is its failure to enlist under its 'progressive' banner any important section of the labor movement."

The *St. Louis* (Missouri) *Post-Dispatch*: 'Mr. Wallace' is a man of many excellent qualities who, when he was under the discipline of President Roosevelt, performed good services for the nation. In him, the processes of thought and decision are clouded by currents of mysticism and an often impractical idealism. He has a messianic complex which causes him to be influenced by cunning followers who flatter him into believing that he is the hope of mankind. . . We have praised Henry Wallace for his services as Secretary of Commerce, Secretary of Agriculture and Vice President. But as leader of a Communist-inspired third party, we take our leave of him."

* * *

Unified ERP

IN praising Economic Cooperation Administrator Paul Hoffman's proposal for four-year, unified economic plan for the 16 ERP countries, most editorials stressed the point that the economies of those countries are inter-dependent, and that recovery can only come through a strengthened cooperative effort.

The *St. Louis Post-Dispatch* said in part: "Paul Hoffman, administrator of European aid, has done well candidly to tell the Marshall Plan countries of American dissatisfaction over the lack of progress toward the economic and political integration of Western Europe. He told the meeting of Foreign and Finance Ministers of the Marshall Plan countries in Paris that there isn't enough evidence of the kind of economic cooperation that is needed, and warned that Congress' second-year appropriation will depend in part upon what is accomplished this year.

"Hoffman has no power, of course, to force anything upon Europe. But he does have the duty to remind Western Europe on what terms and with what expectations the American people have appropriated, at great cost to themselves, six billion dollars as the first year's aid for foreign recovery. His tactful reminder should have some effect."

The *Philadelphia Inquirer*: "In spending billions for ERP, the United States is not interested in the partial recovery of a series of economic islands in Europe. We are interested in a restoration of the whole. That means a new emphasis on trade between the European countries. It calls for greater interdependence—the fuel of one nation, the steel industry of another the fabricating machinery of a third all working together. And it involves bolder, flexible plans aimed at specific recovery targets."

* * *

Southeast Asia Unrest

UNREST and disorder in Southeastern Asia were viewed with misgiving in a *Baltimore Sun* editorial, amid reports of growing Communist strength in Burma and new British drives against continued guerrilla terrorism in Malaya. The editorial recalled Winston Churchill's description of the present situation as a "state of anarchy tempered by Communism" and said:

"Communism, as the British are just beginning to realize, is becoming a very real threat in Asia, and its breeding ground is social disintegration. In Malaya for example, guerrillas who fought the Japanese have never been totally disbanded. . .

Some of these guerrillas, who are variously estimated at most as from five to ten thousand strong, have been formed into Communist units, and they have also been aided by the Malaya branch of the Chinese Communists. . . .

"Thankin Nu's left-wing Government has not been able either to crush the armed opposition of dacoits and Communists or to woo strong popular support away from the agitators and malcontents. . . nor has the Government been able to protect and maintain foreign interests in the country and hence promise at least for the future a return to prewar stability and prosperity. This native Burmese (failure) underscores the deepest reason for misgiving about Southeast Asia in the future; the society which died when the British Raj was able to conquer it has not yet revived. It may be years or decades before it can insure stability in which it can prosper or contribute, as it once did, to the prosperity of other regions of the world."

* * *

China's Plight

CHINA's military and economic difficulties have continued to draw the attention of U.S. editorial writers. A recent *New York Herald Tribune* editorial said in part:

"Reports that the Chinese Communists are making new gains in Central and Northwest China, as well as indications that the Reds may have grown strong enough to begin a general offensive, emphasize the need of intelligent use of the supplies made available to China through the American aid program. Military supplies, of course, can be useful but it seems probable that economic aid can be even more important. Economic problems in Government areas are exceedingly grave. The worst of these economic problems is monetary inflation. . .

"Possibly Premier Wong Wen-hao can reverse the course of events in China and see to it not only that sound plans are made, as they have been at times in the past, but that they are carried out. Most of the difficulties in China during recent years have not been caused by lack of able and honest men, like Dr. Wong, who could make plans. Difficulties have been caused by the inability of such men to gain the highest positions in the Government, except on rare occasions, and by a political situation which made it impossible for them to execute their plans. If that situation still exists, as so many critics of Nanking declare and if it continues to exist—then there is little chance of preventing further Communist victories in China. If it is changed, or can be changed soon, then there still is hope."

NEW BOOKS OF INTEREST

Stilwell's Diary

THE STILWELL PAPERS. *From the diary of the late General Joseph W. Stilwell. Edited and arranged by Theodore H. White. 357 pp. New York, William Sloane Associates, Inc. $4.00. Reviewed by N. F. Allman.*

This book confirms the widely held belief that General Stillwell was allergic to lethargy and pomposity in officials regardless of nationality. As he explains in detail in expressive "t'u hwa" (earthy talk) his special hates were Chinese officials, British officials, American officials, perhaps in the order named. They all at one time or another both singly, collectively and collusively interfered with Stilwell's single handed desire to win the war with his beloved infantry and in the China Burma India theater. That this interference was frequently justified by circumstances cut no ice with "Uncle Joe's" one track infantry mind.

"Uncle Joe" was genuinely fond of his soldiers and made their welfare his chief concern as any good officer should do. He stuck close to his men both in good and hard going. In contrast to his contempt for Chinese officials he had a warm affection for the Laopaishing (common people) and especially for the common Chinese soldier. Observers will agree that his confidence was justified by the Chinese armies he trained and led into combat. He was cussing out Chinese officialdom but at the same time paying eloquent tribute to the common soldier. On July 7, 1942 he did so in a broadcast in these words:

> "Five years ago today I went to Wan P'ing Hsien to find out what was going on in a clash between Japanese and Chinese troops reported there. I found that the Japanese were attacking the town and that, much to their surprise, the Chinese were putting up a spirited resistance. The defense of Lukouch'iao proved to be prophetic and symbolic; the Chinese defense has stood up, and now, after five years, it is a privilege to be here and pay tribute to the man who has carried the burden and gone through the test of battle—the Chinese soldier. To me the Chinese soldier best exemplifies the greatness of the Chinese people—their indomitable spirit, their uncomplaining loyalty, their honesty of purpose, their steadfast perseverance. He endures untold privations without a whimper, he follows wherever he is led, without question or hesitation, and it never occurs to his simple and straightforward mind that he is doing anything heroic. He asks for little, and always stands ready to give all. I feel it is a great honor, as a representative of the US Army, to salute here today, the Chinese Soldier."

A friend wrote Stilwell from Washington that his office there was infested with an army of combat dodgers ranging from second looeys to commanders to colonels. That many of them were gun-shy and just over the age of consent. That he wanted to escape this tribe of baby admirals and generals and get into an active theater. "Vinegar Joe" wrote back: "Hell, he was surrounded by Governments as well as admirals and generals who did not want to fight and that he too was looking for an active theater."

Stilwell in the early part of the war as he said himself: "..... got a hell of a licking by the Japs" and this seems to have given him a fixation that he had to go back and win the war in the Jungles of Burma. He could not tolerate any disagreement with this view from either the real generals or the armchair variety.

"Uncle Joe" was an unquestioned fighter and a courageous one and he liked fighters. It therefore has always puzzled this reviewer as to why he did not back up and make more use of a real fighting unit right under his hand, General Claire L. Chennault's American Volunteer Group—later the 14th Air Force. This outfit had a fighting record of which anyone could be proud and probably did more with less than any other organization in World War II. Nowhere in the book is the failure to make adequate use of this outfit explained. "Vinegar Joe" dismisses the AVG with one brief paragraph as follows:

> "America's contributions to the defense of Burma were the hundred old P-40s and the hundred-odd pilots of the American Volunteer Group, commanded by General Chennault. The AVG made a spectacular fight against odds, writing the finest record of any Allied unit in the campaign. But out-numbered, without secure bases, undermanned, they were forced back in the general retreat so that the Japanese dominated the air over the battlefront and in the rear. There was no over-all commander nor any strategic plans for opposition to the Japanese."

Anyone who knew "Vinegar Joe" or who reads this book will realize that he had too many jobs in the CBI theater. On the military side he was an excellent soldier even if he did over-emphasize the role of the infantry in modern war. His best friends must admit that he was completely miscast in his politico-diplomatic roles. His yearning for diplomacy and capacity as a diplomat is best described in his own words to the following effect:

> "DECK-HAND DIPLOMAT. A brief experience with international politics confirms me in my preference for driving a garbage truck. This is admittedly not the proper approach to the matter of international politics. It is a very serious business. A lot of Big Figures indulge in it, and a host of little ones trail along. Those who make the grade are of course interested to dignify and even glorify the profession, which can be done in a wink of the eye by using the term "diplomacy"—a word we usually utter on a hushed and respectful note. The term "diplomat" to the average American evokes a vision of an immaculately dressed being—pin-stripe pants, spats, cutaway, and topper—and a coldly severe and superior manner which masks the lightning-like play of the intellect that guides the Ship of State, moves the pieces on the board with unerring precision, and invariably turns up in Washington without his shirt. Or rather our shirt. There was a curious misprint once in a Peking-English language newspaper. The word "diplomat" came out "doplomat" and I am still wondering about that typesetter."

General Stilwell's mission required delicate and cordial co-operation with both the British and Chinese officials. With his contempt for these officials it is surprising that he was able to accomplish anything at all.

The book is a good study of three languages, profane, vulgar, and a mixture of the two. It also has historical data that would never have seen the light of day had the book not been published. It also is an interesting study of how difficult it is for allies to remain allies.

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